

October 20, 2015

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The Honorable Jocelyn D. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

Re: Petition of the South Carolina Telephone Coalition for a Determination
that Wireless Carriers are Providing Radio-Based Local Exchange
Services in South Carolina that Compete with Local Telecommunications
Services Provided in the State
Docket No. 2015-290-C

Dear Ms. Boyd:

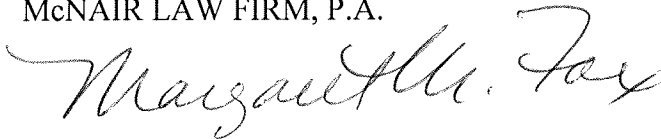
Enclosed for filing on behalf of the South Carolina Telephone Coalition (SCTC)
in the above referenced docket, please find the Rebuttal Testimony of Larry
Thompson, Emmanuel Staurulakis, and Douglas Duncan Meredith.

Also enclosed for filing on behalf of SCTC and Home Telephone ILEC, LLC
d/b/a Home Telecom is the Rebuttal Testimony of H. Keith Oliver.

Thank you for your assistance in this matter.

Very truly yours,

McNAIR LAW FIRM, P.A.



Margaret M. Fox

MMF:dmf
Enclosures

cc: All counsel of record (w/Encls.)

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF SOUTH CAROLINA**

In the Matter of the Petition of the South Carolina
Telephone Coalition for a Determination that
Wireless Carriers are Providing Radio-Based Local
Exchange Services in South Carolina that Compete
with Local Telecommunications Services Provided
in the State

Docket 2015-290-C

**REBUTTAL TESTIMONY OF LARRY THOMPSON
ON BEHALF OF SOUTH CAROLINA TELEPHONE COALITION**

October 20, 2015

1 **Q. Please state your name, employer, business address and telephone number.**

2 A. My name is Larry Thompson. I am the Chief Executive Officer of Vantage Point Solutions,
3 Inc. (“Vantage Point”). My business address is 2211 North Minnesota Street, Mitchell,
4 South Dakota, 57301.

5 **Q. Are you the same Larry Thompson that submitted pre-filed direct testimony in this**
6 **proceeding?**

7 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. The purpose of this testimony is to address certain fallacies related to my direct testimony
10 that have been advanced in the Responsive Testimony of Don Price on Behalf of CTIA –
11 The Wireless Association® and its participating member companies Sprint, T-Mobile,
12 TracFone, US Cellular, and Verizon (referred to collectively as “CTIA”). These fallacies
13 concern the topics of geographic service area, wireless telephone carrier provision of local
14 voice service, and wireless telephone carrier coverage and competition.

15 **Q. In his reply testimony, Mr. Price claims that “Mr. Thompson testifies (at p. 6) that**
16 **any overlap in service territory is sufficient”¹ to meet the statutory test. Is this true?**

17 A. No. Mr. Price has taken my statement out of context and distorted it for his own purposes.
18 I was simply defining a competitive telecommunications service. To understand the
19 context, my full statement was, “Telecommunications services are competitive if the same
20 service, its functional equivalent, or a substitute service is available from two or more
21 providers in a given geographic area. The size of the complete service territory of either
22 provider in relation to the other is immaterial; same, functionally equivalent or substitute

¹ Responsive Testimony of Don Price on Behalf of CTIA (“Don Price Testimony”), Page 10, Lines 22-23.

1 services will be competitive wherever service territories overlap.” Service territory overlap
2 is a *necessary* condition of telecommunications service competition, but is not *sufficient* to
3 establish that the services are competitive. For example, a telecommunications service that
4 is offered only in Columbia is likely not very competitive with a telecommunications
5 service that is offered only in Charleston. Even though it is not clear to me whether S.C.
6 Code Ann. § 58-9-280(G)(1) applies in this proceeding, my definition of competition is
7 consistent with the statute and results in the same conclusion that wireline telephone
8 services and landline telephone services are competitive.

9 **Q. Do you agree that “SCTC’s position makes the statutory criteria irrelevant” as stated**
10 **by Mr. Price?**²

11 A. No. This is simply another one of Mr. Price’s red herrings. When S.C. Code §§ 58-9-
12 280(E)(2) and (E)(3) were enacted, wireless voice services were in their infancy. The
13 legislation deferred the requirement for these carriers to contribute to the State USF until
14 such time as they were found to be competitive with landline services.³ Today, the wireless
15 telephone carriers have 4.5 million customers in South Carolina according to Mr. Price.⁴
16 The time has long since passed when radio-based local exchange services became
17 competitive with local telecommunications service in South Carolina and, therefore, for
18 wireless telephone carriers to have been required to contribute on an equitable basis to
19 support universal service in South Carolina.

² *Id.* at p. 11, line 3.

³ *See* S.C. Code Ann. §58-9-10(15).

⁴ Don Price Testimony at p. 11, line 5; p. 19, line 21.

1 **Q. Do you agree with Mr. Price’s inference that wireless telephone carriers do not**
2 **provide local telecommunications service, since they “typically only offer all-distance**
3 **services”?**⁵

4 **A.** No. Just because the wireless telephone carrier may have a larger calling scope than the
5 landline telephone carrier, it does not mean that the wireless telephone carrier does not
6 offer local service. In fact Mr. Price admits this in his answer to the question that follows
7 in his testimony, which asks, “Is it possible to make a local call from a wireless phone?”
8 and to which he responds that “It is certainly possible...” However he goes on to say, “But
9 I am not aware of any wireless carriers that have local calling areas for *retail* purposes
10 (emphasis added),” and further goes on to discuss pricing differences between the two
11 services.⁶ Mr. Price apparently is attempting to argue that wireless telephone carriers do
12 not provide local calling because they offer different retail *pricing* plans than those offered
13 by landline telephone carriers. This of course is completely inappropriate. Comparison of
14 retail pricing for services that are functionally equivalent is not the issue here at all. The
15 statutes referenced heretofore say nothing of comparison of pricing plans as a means of
16 determining the wireless telephone carrier’s ability to provide local service or to be
17 competitive with landline telephone services. Even Subsection (G)(1), referenced by Mr.
18 Price, provides that “Competition exists for a particular service if...the service, its
19 functional equivalent, or a substitute service is available from two or more providers.” This
20 certainly is the case in South Carolina.

⁵ *Id.* at p. 12 lines 6-8.

⁶ *Id.* at p. 12, lines 9-19.

1 **Q. Does the Federal Communications Commission (“FCC”) consider wireless telephone**
2 **carriers to be providers of competitive “local” telephone service?**

3 A. Yes. The FCC certainly recognizes wireless telephone carriers as “providers of local
4 telephone service” in its Local Telecommunications Competition Report, as I have detailed
5 in my testimony.⁷ In fact the majority of my testimony establishes in unmistakable detail
6 the functional equivalence of wireless voice telephone and wireline voice telephone
7 services in South Carolina.⁸

8 **Q. Do you agree with Mr. Price when he states that the coverage maps in your testimony**
9 **“fail to shed any light on competition between any of the SCTC member companies**
10 **and wireless telephone carriers”?**⁹

11 A. No. As stated previously, wireless coverage is necessary, but not sufficient to establish
12 competition. The coverage maps provided simply show that the four major wireless
13 telephone carriers have large networks in South Carolina that cover much of the state,
14 including many of the areas served by the SCTC member companies, as depicted on the
15 maps included as Exhibits LT-1 through LT-5 to my direct testimony. Mr. Price even
16 seems to suggest that these networks may have been constructed to serve only customers
17 “passing through” the area. This assertion defies logic and common sense, especially when
18 one can easily find numerous retail locations for many of the wireless telephone carriers
19 throughout South Carolina.

⁷ Direct Testimony of Larry Thompson (“Larry Thompson Testimony”), p. 7, line 3 – p. 9, line 2.

⁸ *Id.* at p. 4, line 13 – p. 5, line 7; p. 10, line 15 – p. 18, line 5; p. 20, lines 1-13; p. 21, lines 1-6.

⁹ Don Price Testimony, p. 14, line 17.

1 **Q. Mr. Price suggests that it is not possible to determine whether wireless telephone**
2 **carriers are competing, since other carriers such as cable compete with local exchange**
3 **carriers.¹⁰ Is this true?**

4 **A.** No. Even if some of the landline loss is due to other competitors, this does not negate the
5 fact that wireless telephone services are competitive with landline telephone services. The
6 amount of the impact on subscription levels of traditional local exchange carriers, and
7 indeed this entire line of questioning, is irrelevant to the Commission’s determination in
8 this case. Again, as provided in Subsection (E)(2), all telecommunications carriers –
9 including wireless carriers who provide service that competes with landline service – are
10 required to contribute to State USF. Even Subsection (G)(1), referenced by Mr. Price,¹¹
11 states that “Competition exists for a particular service if...the service, its functional
12 equivalent, or a substitute service *is available* from two or more providers (emphasis
13 added).” The statutes say nothing of any requirement to demonstrate any market share that
14 any of the two or more providers is able to attain. Even if they did, the fact remains that
15 wireless telephone carriers, by CTIA’s own admission, have 4.5 million customers in South
16 Carolina. Additionally, Figure 2 in my direct testimony, a graph and table from the FCC’s
17 “Local Competition Report,” does clearly depict the relative growth and market share of
18 both “Interconnected VoIP Subscriptions” and “Mobile Telephony Subscriptions.”¹² This
19 supplanting could not have occurred if the services were not similar and, therefore,
20 competitive.

¹⁰ *Id.* at p. 17, lines 11-13.

¹¹ *Id.* at p. 6, lines 16-22.

¹² Larry Thompson Testimony, p. 8, line 1.

1 **Q. Does the fact that the wireless telephone carriers offer “all-distance service” make**
2 **them any less competitive with the landline carriers?**¹³

3 A. No. Mr. Price’s so-called “all-distance service” could be a reason for customers to choose
4 wireless over landline voice services. However, this argument does not make the wireless
5 telephone service any less competitive. In fact, Mr. Price is simply contrasting *pricing*
6 plans for retail offerings, as discussed previously. In my direct testimony, I demonstrated
7 that wireless telephone service has supplanted wireline voice telephone service, with
8 revealing evidence from both the Centers For Disease Control and Prevention’s National
9 Health Interview Survey¹⁴ and the FCC’s Local Competition Report,¹⁵ and with even more
10 telling evidence from Verizon’s own Annual Report recognizing a “*decline in Consumer*
11 *retail voice connections resulting primarily from competition and technology substitution*
12 *with wireless*, competing VoIP, and cable telephony services”¹⁶ (emphasis added). Mr.
13 Price attempts to brush off this preponderance of evidence by stating that “the evidence is
14 not specific to a particular service or area of the country, and provides no South Carolina-
15 specific facts.”¹⁷ However his statement immediately preceding this admits that this is an
16 industry-wide phenomenon, saying that it is descriptive of “a communications industry in

¹³ Don Price Testimony, p. 12, lines 14-19.

¹⁴ Larry Thompson Testimony, Figure 1, p. 7.

¹⁵ *Id.* at Figure 2, p. 8.

¹⁶ *Id.* at p. 10, lines 10-13.

¹⁷ Don Price Testimony, p. 18, line 8.

1 transition,”¹⁸ and he offers no evidence as to why South Carolina would somehow be
2 immune to it.

3 **Q. What is your response to Mr. Price’s statement that your testimony “fails to compare**
4 **particular wireless and wireline services”?**¹⁹

5 A. I am astounded at this assertion in light of his admitting in the preceding sentence that
6 “...both wireline telephone service and wireless telephone service enable customers to
7 place and receive calls,” and that, “There is no debate that both services offer that
8 functionality....”²⁰ He has even rightly characterized both as providing “telephone” (*i.e.*,
9 voice) service. I can only conclude that this is another inappropriate attempt to assert that
10 wireless telephone service and wireline telephone service are somehow differentiated by
11 retail pricing options. I have established at length in my testimony that both services meet
12 the definition of local exchange service in that they both provide the functionality that even
13 Mr. Price describes above, both for calls to/from within the wireline telephone company’s
14 local exchange, and to/from all other numbers in the Public Switched Telephone Network
15 (“PSTN”), which even Verizon describes as local exchange service,²¹ with highly similar
16 end user experience.

17 **Q. Does this conclude your rebuttal testimony?**

18 A. Yes.

¹⁸ *Id.* at p. 18, line 6.

¹⁹ *Id.* at p. 18, line 16.

²⁰ *Id.* at p. 18, line 13.

²¹ Larry Thompson Testimony, p. 11, line 6.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2015-290-C

REBUTTAL TESTIMONY OF EMMANUEL STAURULAKIS

1 **Q. Please state your name and business address.**

2 A. My name is Emmanuel Staurulakis. My business address is 7852 Walker Drive, Suite
3 200, Greenbelt, Maryland 20770.

4
5 **Q. Are you the same Emmanuel Staurulakis that filed direct testimony in this**
6 **proceeding?**

7 A. Yes, I filed direct testimony on behalf of the South Carolina Telephone Coalition (SCTC)
8 with the Public Service Commission of South Carolina (SCPSC or Commission) on
9 September 29, 2015.

10
11 **Q. What is the purpose of your rebuttal testimony?**

12 A. The purpose of my rebuttal testimony is to address several statements reflected in the
13 testimony filed by Mr. Don Price on behalf of CTIA – The Wireless Association®
14 and its participating member companies Sprint, T-Mobile, TracFone, US Cellular,

1 and Verizon (referred to collectively as “CTIA”), and to urge the Commission to find
2 that wireless telephone carriers offer competitive local exchange voice services to
3 end user customers in South Carolina. Specifically, I will address statements made
4 by Mr. Price that the number of backhaul circuits ordered by wireless telephone
5 carriers from SCTC member companies, the number of NXX numbering blocks
6 assigned to wireless telephone carrier in the areas served by the SCTC member
7 companies, and the number of wireline telephone numbers ported to wireless
8 telephone carriers have no bearing in determining if wireless telephone carriers are
9 competing with the SCTC member companies. My testimony also refutes Mr.
10 Price’s statements that AT&T and Verizon do not view wireless telephone service as
11 a competitive service that is eroding their legacy wireline connections and revenues.
12 In addition, my testimony addresses statements made in the testimony of Mr. Price
13 regarding reducing the size of the South Carolina Universal Service Fund (SCUSF).

14
15 **Q. Are the backhaul circuits referred to on page 22 of Mr. Price’s testimony available**
16 **only from the tariffs of SCTC member companies?**

17 A. No, wireless telephone carriers are not required to purchase backhaul circuits or
18 connections out of the access tariffs that the SCTC member companies concur in. In lieu
19 of purchasing connections to their towers from a tariff, wireless telephone carriers often
20 utilize other options in obtaining connecting facilities or circuits, including constructing
21 connecting facilities themselves. Mr. Price’s depiction of the SCTC member companies
22 realizing \$16 million in annual special access revenue as being “compensated

1 handsomely for those facilities” on page 22, line 6 of his testimony ignores the fact that
2 these revenues represent a very small portion of the total revenue requirement to build,
3 operate and maintain rural carrier networks capable of delivering high quality voice
4 communications to all South Carolina citizens, including those in high-cost areas of the
5 state. Mr. Price goes on to state in his testimony on page 22, lines 12-13 that wireless
6 carriers continue to expand their networks in the areas served by the SCTC member
7 companies, a clear indication of the competitive nature of wireless telephone service.
8

9 **Q. Do you agree with Mr. Price’s testimony on page 27 that the high penetration level**
10 **of voice service in South Carolina should lead to a reduction in the size of the**
11 **SCUSF?**

12 A. Mr. Price’s policy statements and recommendations are beyond the scope of this
13 proceeding. However, while not a matter for consideration in this proceeding, I do not
14 agree with Mr. Price’s conclusion regarding reducing the size of the SCUSF. In reaching
15 his conclusion, Mr. Price compares the voice penetration levels in North Carolina and
16 Tennessee, states without explicit high-cost funds, to the penetration levels in Georgia
17 and South Carolina, states with explicit high cost funds, and reaches the conclusion that
18 because the penetration rates in all four states are similar, the SCUSF is no longer needed
19 at its current size in order to ensure high voice penetration rates in the state.

20 Years ago, the SCPSC embarked on a series of policy decisions in response to
21 legislative action that culminated in the creation of the current SCUSF. Issues regarding
22 a re-examination of SCUSF policy are not part of the instant proceeding. Moreover, what

1 other state legislatures and commissions may or may not have done with respect to state-
2 specific high-cost universal service funds have no bearing on historical actions
3 undertaken in South Carolina. States address telecommunications policy in various ways,
4 and that is not up for debate here. The point is that all of these states have carriers who
5 provide service in high-cost areas and must be able to recover those costs in some
6 manner. Some states, like South Carolina, have seen fit to establish explicit funding
7 mechanisms like the SCUSF. In other states, carriers must recover their costs through
8 higher end user rates, through higher access charges, by curtailing investment to maintain
9 and upgrade communications infrastructure, or by some combination of these methods.
10 The fact remains that the high voice penetration levels in South Carolina have been
11 reached and maintained in part due to the SCUSF, and the SC legislature and SCPSC can
12 be proud of their accomplishment.

13 As rural carriers with carrier of last resort (COLR) obligations in the intrastate
14 jurisdiction and eligible telecommunications carrier (ETC) obligations in the federal
15 jurisdiction, SCTC member companies are required to provide basic local exchange
16 service upon reasonable request to any requesting subscriber within their certificated
17 service area. A significant portion of the underlying cost of providing service is the
18 applicant's loop plant. In accordance with their COLR obligations, the SCTC member
19 companies are required to maintain their facilities including replacing and upgrading
20 them when necessary. Mr. Price's testimony would lead one to believe that as customers
21 disconnect voice service, the carrier's underlying facilities should no longer be eligible to
22 earn a return or be allowed to recoup maintenance on their investment. Mr. Price's

1 position runs contrary to both historical and existing South Carolina and federal
2 telecommunications regulatory universal service policy.

3
4 **Q. Do wireless telephone carriers only offer “all-distance” services as stated by Mr.**
5 **Price on page 12 of his testimony?**

6 A. Even if it is true that wireless telephone carriers offer only so-called “all-distance”
7 calling, local calling is certainly a part of that. The specific rate plan to which a consumer
8 subscribes is not material to the determination in this proceeding. Wireless customers
9 utilize their wireless handsets as they would their wireline phones, for local or long
10 distance calling. The ability of wireless customers in the areas served by the SCTC
11 member companies to obtain wireless handsets with telephone numbers rate centered in
12 their preferred calling areas is another strong example of the competitive nature of voice
13 calling service.

14
15 **Q. Does the observation on page 19 of Mr. Price’s testimony that half the states in the**
16 **NRRI study do not have high-cost or intrastate support funds have any bearing on**
17 **the Commission’s determination in this proceeding?**

18 A. No. Just because a state has not created an explicit high-cost or intrastate support fund
19 does not mean that other alternatives have not been enacted in order to maintain universal
20 voice calling. Again, as long as there are carriers willing to serve high-cost areas, there
21 must be a way for them to recover the cost of doing so. Different states may approach
22 this in different ways. South Carolina has determined, consistent with federal and state

1 policy, that an explicit funding mechanism is the best way to accomplish and maintain
2 universal service.

3
4 **Q. Is Mr. Price's testimony relating to payments made by wireless telephone carriers to**
5 **SCTC member companies for inter-MTA traffic accurate?**

6 A. Unfortunately, Mr. Price's inter-MTA testimony beginning on page 22 of his testimony is
7 another attempt to divert the SCPSC's attention from the limited statutory determination
8 at issue in this proceeding. It is true that the SCTC member companies are authorized, in
9 accordance with their state and interstate access tariffs, to bill wireless carriers for
10 originating and terminating inter-MTA traffic. At the same time, however, federal policy
11 and decisions over the years have mandated that those access charges be reduced or
12 eliminated in favor of explicit funding mechanisms. This is a complex matter that we
13 could discuss for hours, but it is beyond the scope of this proceeding and would not be
14 helpful to the Commission in making its determination.

15
16 **Q. Is it necessary to know the utilization level of telephone number blocks in order to**
17 **determine that wireless telephone carriers are competing with local**
18 **telecommunications services provided by landline telephone carriers in South**
19 **Carolina, as suggested on pages 15-16 of Mr. Price's testimony?**

20 A. No. Number utilization information is not publicly available from NANPA, on either a
21 cumulative or carrier basis. However, given the number of wireless handsets in use not
22 only in South Carolina but throughout the United States, it is not a stretch to deduce that a

1 significant portion of the numbers assigned to wireless carriers are being utilized by
2 wireless telephone customers. In a 2013 report, the FCC's Wireline Competition Bureau
3 analyzed number resource utilization data as of June 30, 2010. The results showed that
4 the overall utilization rate for Mobile Wireless carriers was 66.8%, up from 66.7% six
5 months earlier.¹ While the data may be somewhat dated, it nevertheless supports the fact
6 that a majority of the telephone numbers assigned to wireless carriers are being utilized
7 by wireless customers. The increasing percent of utilized wireless telephone numbers is a
8 strong indication of the competitive nature of wireless telephone service.

9
10 **Q. Do both AT&T and Verizon address the fact that wireless service is having a**
11 **competitive impact on their respective legacy wireline connections and revenues?**

12 **A.** Yes. Contrary to Mr. Price's testimony on page 18, both AT&T and Verizon specifically
13 cite the impact of wireless service competition in explaining the decrease in legacy voice
14 connections and associated revenues in their respective 2014 10-K reports filed with the
15 Securities and Exchange Commission.² Even CTIA's own website makes the following
16 statement regarding the competitive nature of wireless service: "Thanks to the U.S.
17 wireless industry's relentless competition and innovation, there are numerous devices and
18 services available to consumers." See CTIA website, "Your Wireless Life." CTIA has
19 also stated: "Americans' use of mobile phones for voice services has ... become
20 ubiquitous. Consumers continue to 'cut the cord,' relying on only wireless services to

¹ See Numbering Resource Utilization in the United States, Industry Analysis and Technology Division, Wireline Competition Bureau, April 2013, Executive Summary, page 1.

² See Direct Testimony of Emmanuel Staurulakis at p. 11-12, Douglas Meredith at p. 17-19, and Larry Thompson at p. 10.

1 meet their communications needs.”³ The statements by AT&T and Verizon, two of the
2 largest wireline providers in the country, and by CTIA itself, clearly demonstrate that
3 wireless telephone service competes with local exchange telephone service offerings by
4 LECs throughout the country, including South Carolina.

5
6 **Q. Should the Commission consider the 275 port-outs of wireline telephone numbers to**
7 **wireless telephone carriers cited by Mr. Price on page 16 of his testimony irrelevant**
8 **in determining the competitive nature of wireless telephone service?**

9 A. No. In his testimony on page 16, Mr. Price trivializes the number of wireline port-outs
10 experienced by nine SCTC member companies in 2014 as not being indicative of a
11 competitive voice service offering by wireless telephone carriers. SCTC member
12 company subscribers have been porting their wireline telephone numbers to their wireless
13 handsets since wireless porting began in late 2003 and continue to do so in 2015.
14 Regardless of the numbers ported in a particular year, the fact remains that numbers are
15 being ported, which indicates a competitive service. Moreover, as stated in my direct
16 testimony, numbers ported out to wireless telephone carriers is a very small part of the
17 competitive picture. As Mr. Meredith’s Direct Testimony states at pp. 14-15, more than
18 43% of South Carolina households are now “wireless only.” Obviously, those households
19 do not have a landline number to port out. Increasingly, customers do not subscribe to
20 landline telephone service in the first place (and therefore would not have a number to port
21 out). The porting information also would not capture competition in the form of

³ See CTIA –The Wireless Association® Response to House White Paper on Universal Service Policy, September

1 customers who have both a landline and wireless phone and decide to disconnect the
2 landline. Again, in that situation, there is no need to port a number.
3

4 **Q. What would you recommend the Commission do in this matter?**

5 A. I would respectfully request that the Commission find that wireless telephone service
6 competes with local exchange service in South Carolina.
7

8 **Q. Does this conclude your rebuttal testimony?**

9 A. Yes.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2015-290-C

REBUTTAL TESTIMONY OF DOUGLAS DUNCAN MEREDITH

1 **Q. Are you the same Mr. Meredith that provided pre-filed testimony in this proceeding?**

2 A. Yes.

3 **Q. What is the purpose of your rebuttal testimony?**

4 A. In this testimony, I respond to several allegations made by Mr. Don Price on behalf of
5 CTIA – The Wireless Association® and its participating member companies Sprint, T-
6 Mobile, TracFone, US Cellular, and Verizon (referred to collectively as “CTIA”).

7 **Q. Do you have any general observations regarding the testimony of Mr. Price?**

8 A. Yes. First, CTIA appears to try to confuse a very simple and straightforward petition to
9 review the applicability of two sections of the statute 58-9-280(E)(2) and (E)(3).

10 S.C. Code Ann. § 58-9-280(E)(2): “The commission shall require all
11 telecommunications companies providing telecommunications services
12 within South Carolina to contribute to the USF as determined by the
13 commission.”

14 S.C. Code Ann. § 58-9-280(E)(3): “The commission also shall require any
15 company providing telecommunications service to contribute to the USF if,

1 after notice and opportunity for hearing, the commission determines that the
2 company is providing private local exchange services or radio-based local
3 exchange services in this State that compete with a local
4 telecommunications service provided in this State.”
5

6 As I mentioned in my pre-filed direct testimony, the term “telecommunications services”
7 that informs these two statutes is:

8 “Telecommunications services” are defined in State law as “services for the
9 transmission of voice and data communications to the public for hire,
10 *including those nonwireline services provided in competition to landline*
11 *services.”* S.C. Code Ann. § 58-9-10(15) (emphasis added).

12 Mr. Price limits his entire discussion to Section §58-9-280(E)(3) and thereby completely
13 ignores the application of Section 58-9-280(E)(2) (See Price Testimony at p. 6, lines 6-22).
14 The SCTC petition requests the Commission address both Sections (E)(2) and (E)(3). (See
15 Petition at p. 2).

16 Furthermore, the narrow and constricting approach Mr. Price takes in his testimony is also
17 of little value to provide guidance to the Commission in this proceeding. Mr. Price
18 apparently would unnecessarily limit the Commission’s authority to apply very clear
19 sections of the South Carolina statute. Voice telecommunications services offered by local
20 exchange carriers are subject to intense competition by wireless telephone carriers offering
21 comparable and/or functionally equivalent telecommunications services, and all providers
22 of such services should contribute to the state universal service program to enable the
23 deployment and operation of networks that provide the infrastructure necessary for voice
24 telecommunications in high-cost areas.

1 **Q. Mr. Price states that wireless telephone carriers do not offer local service. Is that**
2 **true?**

3 A. No. Mr. Price apparently seeks to distort the discussion to particular retail services or plans
4 offered by local competing providers. The Commission should reject Mr. Price's
5 erroneous interpretation. The particular service under consideration in this proceeding is
6 the service where an end-user sends and/or receives telephone calls via the public switched
7 telephone network ("PSTN"), which is a service both wireless telephone carriers and
8 landline telephone carriers provide. This service is distinguishable from other services in
9 the communications marketplace, such as broadband Internet access service or special
10 access service. This voice service includes the ability to send and receive non-toll calls as
11 well as obtain access to an interexchange network to send and receive toll calls. There are
12 a variety of retail service plans that fit under the ambit of voice telecommunications. Mr.
13 Price feigns ignorance of what is very commonly understood in an attempt to confuse and
14 distort a very clear application of Sections (E)(2) and (E)(3) of the South Carolina statute.

15 SCTC witness Larry Thompson clearly explained in his pre-filed testimony that voice
16 telecommunications service, which can be described in a number of ways depending on
17 the context and author, is functionally the same regardless of whether the end-user has a
18 landline service provider or a wireless service provider.

1 **Q. Mr. Price states that there is no “identifiable class or group of customers.” Is there**
2 **an identifiable class or group of customers?**

3 A. Yes, there is. Again, Mr. Price attempts to confuse a very simple issue. A clear view of
4 the facts demonstrates the “class or group of customers” comprises all users who subscribe
5 to retail service plans that enable the use of voice telecommunications.

6 **Q. Does CTIA argue that South Carolina should change its public policy and/or that the**
7 **Commission should expand the current proceeding to address other issues not**
8 **mentioned in the applicable sections of the statute?**

9 A. Yes. In fact, much of the testimony of Mr. Price is focused on changing a longstanding
10 and well served public policy to provide state universal service support to rural carriers. I
11 understand the Commission has already denied CTIA’s motion to expand the scope of this
12 proceeding to include such matters.

13 **Q. Mr. Price claims SCTC has not discussed “particular, defined or identifiable services**
14 **provided by landline companies” or “particular wireless services provided by an**
15 **identified carrier.” Do you have a response to this claim?**

16 A. Yes. As is clear from the direct testimony filed by the SCTC witnesses in this proceeding,
17 the service under examination is any service where an end-user sends and/or receives
18 telephone calls via the PSTN. This service is distinguishable from other services in the
19 communications marketplace, such as broadband Internet access service or special access
20 service. This voice service includes the ability to send and receive non-toll calls as well as
21 obtain access to an interexchange network to send and receive toll calls.

1 **Q. Mr. Price argues that the geographic area the Commission should address is at a**
2 **granular level, such as the exchange level. What is your response to this claim?**

3 A. Mr. Price assumes that S.C. Code Ann. §58-9-280(G)(1) is the correct stand-alone
4 definition of competition in this proceeding. Even assuming that is true, a plain English
5 reading of (G)(1) together with (E)(2) and (E)(3) makes clear that the relevant geographic
6 area for State USF purposes is “the State.” Not only does (E)(3) specifically say “in this
7 State,” but other contributors to State USF are identified and assessed based on operation
8 in the State—and these providers are required to contribute under (E)(2). The level of
9 granularity CTIA argues for is not necessary nor consistent with how the State USF
10 operates. I recommend the Commission reject the level of geographic granularity
11 incorrectly argued for by Mr. Price.

12 I also note that Mr. Price mischaracterized SCTC’s position, claiming that SCTC’s position
13 is that if any wireless carrier provides service anywhere in the state, then all 4.5 million
14 wireless carriers’ subscribers must contribute, regardless of whether there is any actual
15 competition. (See Price Testimony at p. 11). This is not SCTC’s position. Its position is
16 that the voice telecommunications service is competitive and wireless telephone providers
17 should contribute just as all other competitive voice telecommunications service providers
18 contribute. In other words, they are required to contribute *because* their service is
19 competing with local telecommunications service in the State, not “regardless of whether
20 there is any actual competition.”

1 **Q. Mr. Price suggests that the wireless infrastructure has been created—through leasing**
2 **facilities from local exchange carriers and building directly—to provide service for**
3 **wireless customers just passing through the state. (See Price Testimony at p. 14-15).**
4 **What is your response?**

5 **A.** In an attempt to avoid contributing to state universal service, CTIA members, through the
6 testimony of Mr. Price, exaggerate the nature of their customers. Yes, there are instances
7 where wireless customers are traveling in South Carolina and use wireless infrastructure.
8 When I travel to South Carolina, I use my wireless handset to send and receive calls. No
9 doubt other travelers do the same. Notwithstanding this use of South Carolina wireless
10 facilities by travelers from out of state, Mr. Price states quite clearly there are 4,500,000
11 South Carolina end-user customers subscribing to wireless service. (See Price Testimony
12 at p. 11, line 5; p. 22, line 22).

13 **Q. Mr. Price highlights the “dual use” of wireless and landline service and concludes that**
14 **wireless service is a complementary service to landline voice telecommunications**
15 **service. What is your response?**

16 **A.** Mr. Price ignores the rapid and increasing use of wireless service highlighted by the CDC
17 data. It is noteworthy that “wireless only” is currently at 40 percent of households and over
18 time is increasing. These data suggest the increasing importance of wireless telephone
19 service as a substitute for landline telephone service. Furthermore, even in the dual use
20 case, there are further refinements in the data showing that 60 percent of households in
21 South Carolina fall under the category of “wireless only” or “mostly wireless.” This
22 suggests that consumers in these categories either use wireless exclusively, or substitute

1 wireless service for landline service most of the time. The CDC data are quite clear that
2 this competitive trend has been increasing and, given the trend line, can be expected to
3 continue.

4 **Q. Mr. Price testifies that the Commission should not assess wireless telephone carriers**
5 **to support the State USF. How do you respond?**

6 A. Again, Mr. Price's argument goes to state policy and is beyond the scope of this proceeding.
7 However, I would note that Mr. Price suggests in his lengthy policy recommendations that
8 landline services are "buggy whips" in the age of the automobile. His metaphor is inapt.
9 The South Carolina General Assembly has already made the public policy determination
10 that competitive telecommunications service carriers, including wireless, should contribute
11 to State USF. Also, the correct simile in this case is that wireline and wireless telephone
12 providers are like the "horse and carriage" and "automobile" manufacturers both helping
13 to support the cost of the road system on which both travel. Mr. Price on the one hand
14 analogizes landline carriers to obsolete industries like buggy whip manufacturers (See
15 Price Testimony at p. 5), while at the same time acknowledging that wireless telephone
16 carriers not only use the landline networks but "already pay ... millions of dollars" to use
17 them. (See Price Testimony at p. 21). Without wireline networks, wireless telephone
18 carriers would be hard-pressed to provide service to their 4,500,000 South Carolina end-
19 user customers as well as visitors to South Carolina.

20 Lastly, Mr. Price also argues that number assignments can be for tablets and other devices
21 that aren't normally used for voice telecommunications service. While this is correct, Mr.
22 Price fails to identify the percentage of numbers assigned in this manner. Obviously, Mr.

1 Price wants to cloud the very clear fact that wireless carriers have 4.5 million end-user
2 customers in South Carolina, and if these end-users are like me or any of the members of
3 the Commission, they use their wireless service to send and receive voice
4 telecommunications in direct competition to a traditional wireline voice
5 telecommunications service.

6 **Q. Does this conclude your rebuttal testimony?**

7 **A. Yes.**

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2015-290-C

REBUTTAL TESTIMONY OF H. KEITH OLIVER

1 **Q. Are you the same H. Keith Oliver who presented Direct Testimony on behalf of the**
2 **South Carolina Telephone Coalition and Home Telephone ILEC, LLC d/b/a Home**
3 **Telecom in this proceeding?**

4 A. Yes, I am.

5 **Q. What is the purpose of your rebuttal testimony?**

6 A. The purpose of this testimony is to respond to various comments made by Don Price in
7 his direct testimony filed in this docket on behalf of CTIA – The Wireless Association®
8 and its participating member companies Sprint, T-Mobile, TracFone, US Cellular, and
9 Verizon (referred to collectively as “CTIA”).

10 **Q. What is your overall assessment of this testimony?**

11 A. Mr. Price spends the majority of his testimony explaining why past decisions of our
12 elected state legislators and our state Public Service Commission are wrong. Such
13 matters are beyond the scope of the instant proceeding. The balance of his testimony

1 consists of attempts to confuse the Commission's analysis of a simple determination of
2 whether wireless telephone services are competing with landline telephone services in
3 South Carolina.

4 **Q. Doesn't your direct testimony also address State universal service policy?**

5 A. Yes, but in the context of explaining what the current policy is, why it is important, and
6 how it relates to the issue in the current proceeding. Mr. Price's testimony, on the other
7 hand, attacks and challenges existing law and argues for policy changes. As the
8 Commission previously ruled, such matters are beyond the scope of the instant
9 proceeding, which focuses on a narrow statutory determination.

10 **Q. Why do you believe Mr. Price's testimony is confusing?**

11 A. Mr. Price spends many pages of his testimony attempting to parse such nuances as how
12 many flavors of voice service might exist, what classes or groups customers might be
13 subdivided into, how small of a geographic area should be reviewed, and the scope of the
14 area to which calls can be placed. However, the question before the Commission is much
15 simpler. It is as simple as whether the average South Carolina consumer sees his wireless
16 phone as a valid substitute for his landline phone when making a voice call. One does
17 not have to divide the question into multiple parts or get into the various retail plans that
18 dictate the price of a voice call. If the average consumer sees his cell phone as an
19 acceptable way to make voice calls, then to the consumer it is a competitive offering to
20 landline telephone service. It would be difficult in 2015 to find anyone who does not
21 recognize the simple fact that wireless telephone service, where available, is considered a
22 viable choice for voice telecommunications for the average consumer.

1 **Q. Do you agree with Mr. Price’s public policy argument on page 5?**

2 A. No. Again, as the Commission has ruled, these matters are beyond the scope of this
3 proceeding. Furthermore, his position is just plain wrong. Universal service fees are not
4 taxes. If they were, wireless telephone carriers would be paying these fees today, just as
5 similarly-situated carriers do. Universal service charges are user fees. That’s the whole
6 reason for this docket. We are asking the Commission to determine that wireless
7 telephone services are competing with services provided over a universally available
8 network. If so, then clearly they should be paying a fee to help support that network, as
9 landline telephone carriers have been doing since 2001. Next, he talks about exempting
10 new and innovative services from taxes in general and, presumably, from universal
11 service charges. Again, he is arguing for a change in state policy, which is beyond the
12 scope of this proceeding. Having said that, if wireless telephone service were to be
13 exempted from having to contribute to State USF, the government would be picking
14 winners and losers among different competing technologies. Furthermore, the General
15 Assembly has already addressed his concern with not assessing “new” technologies by
16 not requiring wireless telephone carriers to contribute to State USF until such time as
17 wireless telephone service was being provided in competition with landline telephone
18 service.

19 Mr. Price’s analogy of the buggy whip manufacturer again totally misses the point. The
20 fee that we are discussing here today is more similar to a user fee to help finance a
21 highway that both a buggy and an automobile might use. While policy might initially
22 exempt an automobile from paying a road fee, because the automobile was new
23 technology and there were relatively few using the road, over time as automobiles

1 became major users of the road and displaced the buggy, automobiles would of course
2 help to support the road (assuming it was up to road users to provide that support). If
3 automobiles never had to pay the fees, eventually the road could not be maintained and
4 would become unusable. In 1996 wireless telephone service was new and was a very
5 small user of the universally available network. Today, it is a major player and makes
6 extensive use of the universally available network. By being allowed to benefit from the
7 universally available network without helping support the network, while competing with
8 other voice providers who do have to help support the network, wireless telephone
9 carriers gain an unfair advantage.

10 It is important to note, also, that requiring wireless telephone carriers to contribute to
11 State USF will **not** increase the size of the State USF. The size of the fund will remain
12 the same. This proceeding is simply about implementing the legislature's directive in S.
13 C. Code Ann. §58-9-280(E)(2) that all telecommunications carriers – including wireless
14 telephone carriers – contribute on an equitable basis to the State USF.

15 **Q. What about Mr. Price's assertions that the wireless telephone carriers already pay**
16 **to support the landline networks?**

17 A. Mr. Price compounds his errors by confusing the amounts wireless telephone carriers pay
18 in a competitive market to purchase transport services (which connect wireless towers to
19 wireless switches) with universal service support. He then mixes in federal access
20 charges, even as the Federal Communications Commission ("FCC") is phasing out these
21 charges. Finally, he states that, because wireless carriers pay for the federal portion of
22 the high cost network, they should not have to pay for the state portion of the high cost

1 network. It is, of course, the same network, but as this Commission well knows, part of
2 the responsibility for maintaining the network rest with the federal government and part
3 with this state Commission. Mr. Price seems to be saying wireless carriers are paying to
4 help cover the part of the cost the federal government supports, but are not willing to do
5 the same for the portion of the cost the state incurs. Again, all of this is beyond the scope
6 of this proceeding, which is simply to determine whether wireless telephone carriers are
7 providing services in competition with landline telephone services in South Carolina.
8 The determination the Commission is being asked to make here is based on existing
9 policy and statutes.

10 **Q. Mr. Price states that S.C. Code Ann. §§ 58-9-280(E)(3) and (G)(1) supply the**
11 **applicable criteria that should be applied in this proceeding. How do you respond?**

12 A. Mr. Price's analysis focuses on his interpretation of small portions of the State
13 Telecommunications Act and does not consider the context, leading him to draw
14 incorrect conclusions. I was part of the small committee of industry members tasked by
15 the General Assembly back in the mid 1990's to craft appropriate state legislation to
16 work hand-in-hand with then-pending federal legislation to rewrite federal
17 telecommunications law. These laws were ultimately enacted as the Federal
18 Telecommunications Act of 1996 and our own State Telecommunications Act. The
19 group continually monitored the progress of the Federal Act as it wound through
20 Congress, and modified the proposed state legislation as necessary to keep pace with
21 evolving federal concepts.

1 One of the basic tenets of the state legislation related to state USF was Section 58-9-
2 280(E)(2) which states “The commission shall require all telecommunications companies
3 providing telecommunications services within the South Carolina to contribute to the
4 USF as determined by the commission.” Mr. Price conveniently omits this critical
5 section.

6 The reality is the state legislature intended all telecommunication companies to fairly do
7 their part in supporting a universally available telecommunications system. Thus, the
8 general intent was that all telecommunications companies would contribute to the State
9 USF.

10 However, the legislature did not want to unnecessarily burden the developing wireless
11 industry. As Mr. Price states on page 25 lines 3-4 of his testimony, even in 2001 wireless
12 phones were a new phenomenon. In the mid-1990s wireless phones were still making the
13 evolution out of fixed installation in cars, to “portable” bag phones, and eventually to the
14 personal communications devices we know today. For this reason, the legislators
15 adopted a definition of telecommunications services in Subsection 58-9-10(15) that
16 includes wireless services only when they compete with landline services. This section
17 was designed to allow the early wireless network to grow without mandating it help fund
18 the State USF. However, when it was determined that wireless service had grown to the
19 point that it was competing with other telecommunications service, this section was
20 designed to ensure that wireless telephone carriers would begin to participate in funding
21 State USF.

1 **Q. Does Subsection 58-9-280(G)(1) relate to funding the state universal service fund?**

2 A. It does not. Subsection (G)(1) was developed to identify areas where the Commission
3 might grant competitive regulatory relief. Just as the Federal Act was a careful balancing
4 of competition with the preservation of universal service, so was State legislation. This
5 section was intended to ensure services were not deregulated until the specific area in
6 question had available a competitive service that was the functional equivalent, or a
7 substitute service available from two or more providers. This section bore no relationship
8 to the concept of determining who should contribute to state USF, but was drafted to set a
9 fairly high competitive bar to ensure consumers were protected before a service was
10 deregulated. This is clear from a simple reading of the two contrasting subsections.
11 Subsection (G)(1) addresses an identifiable class or group of customers in an exchange,
12 group of exchanges, or other clearly defined geographical area and goes into depth to
13 ensure a specific service has at least two providers. When seen through the lens of
14 consumer protection needed before regulation is relaxed, such specific detail is necessary.
15 Similarly, the Colorado proceeding referenced by Mr. Price on p. 11 of his testimony
16 involves deregulation of certain CenturyLink wire centers in Colorado. Again, that level
17 of granularity may be appropriate in the context of deregulating services, but it is not
18 needed or warranted here. Subsections (E)(2) and (E)(3) provide a much broader
19 framework. Subsection (E)(2) simply provides that all telecommunications carriers must
20 contribute to the State USF. Subsection (E)(3) uses words such as “**any company**”
21 providing telecommunications services in the **State** that competes with a local
22 telecommunications service in the state. In effect this Subsection says any

telecommunication provider that is competing with any local telecommunications service, anywhere in the state, should contribute.

Q. Does this mean, as Mr. Price states on page 11 line 3-6, that if “any wireless carrier provides service anywhere in the state, all wireless carriers’ 4.5 million subscribers must contribute to the USF regardless of whether there is any actual competition”?

A. Mr. Price’s testimony tends to shift between the division of issues into their smallest possible parts to the aggregation into the broadest possible conclusion, depending on what creates the most confusion. Nonetheless, his statement actually offers insight with respect to the legislation. The statutes clearly require the equal treatment of all telecommunications service providers. You do not have to be a telecommunications expert to realize the service in question is simply the ability for an end-user to send and/or receive voice grade telephone calls over the telephone system, what is known as the public switched telephone network or PSTN. While there are many ways to describe this service and many ways to parse the service by rate plan, type of customer, and terms of connection, we all know what we are talking about when we refer to local phone (or telecommunications) service. Thus, as the legislation states, if any telecommunications service provider operating in the state, offers a service that competes with local telecommunications service provided anywhere in the state, that provider would be subject to assessment on their telecommunications service in order to support the universally available network to which the provider can connect. In effect, either the service competes or it does not. If it competes, then it competes anywhere it is offered in the state. However, only the competitive telecommunications service revenues are

1 subject to the assessment. Thus, wireless telephone service would be treated equally with
2 landline telephone service.

3 **Q. Isn't this equality what Mr. Price asks for on page 20 lines 15-17 of his testimony?**

4 A. One could certainly infer that when he says the "government should not try to pick
5 winners and losers." If so, it would seem logical that the government should treat all
6 providers of a similar product or service equally. But what Mr. Price is really arguing
7 for here seems to be the abolishment of the universal service support system. None of the
8 telecommunication carriers Mr. Price represents in this hearing provide universally
9 available service or operate as a "Carrier of Last Resort" in South Carolina. Mr. Price
10 seems to be saying that only the service that can be supported by the "market place"
11 should exist. If a large service provider does not wish to provide service to a high cost,
12 remote, or sparsely populated area because they cannot return a 30 percent profit or
13 whatever profit margin they deem acceptable,¹ then in his view those areas and those
14 customers should just do without. Fortunately, our state leadership has a more
15 enlightened view and provides protections from the inequities that would otherwise be
16 foisted on the powerless by the natural forces of a competitive (i.e., profit-motivated)
17 market.

¹ In 2014, Verizon Communications, Inc.'s operating revenue from its wireless operations was \$87.6 **Billion**, with operating income of \$26.7 **Billion**, for an operating income margin of **31%**. For the first 3 Quarters of 2015, Verizon's operating income margin is **34%**. See Verizon Communications, Inc., Financial and Operating Information as of September 30, 2015, at p. 12 (available at www.verizon.com/about/investors/quarterly-reports).

1 **Q. Mr. Price discusses what he calls typical taxes on a South Carolina wireless**
2 **subscriber that he suggest already exceed 17% of the customer's bill. Can you**
3 **address his claim?**

4 **A.** Yes, this is another example of Mr. Price confusing the facts to confuse the issue. I have
5 no idea where Mr. Price retrieved his data, but when I review the cellular bills of my own
6 friends and family members who are residents of South Carolina, I find they are paying
7 various taxes, fees and surcharges totaling far less than the percentages Mr. Price claims
8 are "typical." In any event, the taxes and fees Mr. Price complains about are paid by
9 landline customers as well. This proceeding is not about those taxes and fees. It is about
10 all telecommunications service providers contributing on an equitable basis to support
11 universal service. Currently, landline telephone companies contribute to the State USF
12 and the companies Mr. Price represents do not.

13 Simple equity calls for all who use something to help pay for it. In the case at hand, this
14 is a universally available network. The largest carriers have traditionally avoided the
15 highest cost, most remote, most sparsely populated areas. The smaller rural carriers that
16 were formed to serve these areas have always depended on a sharing of cost with the
17 lower cost urban areas to maintain universal service. Over the years this was done in
18 many different ways from pooling to access charges. Today it is accomplished through
19 explicit universal service funds. These funds rely on contributions from all who use the
20 facilities in the high cost areas to help support the cost. The cost of these networks have
21 always been divided between federal and state authorities. Wireless carriers have been
22 supporting the federal portion of this cost for years. This proceeding is simply about
23 having them fairly share the state portion of the cost of the universally available network.

1 **Q. Mr. Price spends several pages of testimony discussing the need for a universal**
2 **service fund concluding that universal service has been achieved in South Carolina.**
3 **Notwithstanding this improper attempt to expand the scope of this proceeding**
4 **through his request to “review and reduce” the State USF, what is your take on the**
5 **state of universal service in South Carolina?**

6 **A.** Again, Mr. Price’s testimony pertains to matters outside the scope of this proceeding.
7 Having said that, I am glad Mr. Price recognizes the accomplishment of the Commission
8 and the General Assembly in ensuring and maintaining universal service in South
9 Carolina. However, Mr. Price incorrectly views universal service as something that, once
10 accomplished, can be ignored. Universal service is based on the provision of a
11 universally available network infrastructure. This infrastructure has to be constantly
12 maintained and upgraded. In addition, the cost of the network is recovered over an
13 extended period of years. Much of the investment is recovered over a period of 25 years
14 or longer. Thus, just because the plant is in place certainly does not mean its cost has
15 been recovered. Finally, universal service is an evolving concept in that the level of
16 service increases over time, again requiring investment. Mr. Price seems to indicate
17 that, having gone through the difficult and expensive task of building an almost
18 universally available network, we should now reduce or eliminate our efforts to keep it in
19 place. This is not surprising in light of the fact that the companies Mr. Price represents
20 do not concern themselves with serving all customers, regardless of cost or location.

1 **Q. On page 28 of his testimony, Mr. Price testifies that competitive markets promote**
2 **the growth of voice services, which furthers the goal of universal service. Do you**
3 **agree with his opinion regarding competition and universal service?**

4 **A.** No. Consistent with his approach throughout his testimony, Mr. Price focuses on the
5 provision of service to the profitable, not to all on a universal basis. Competition is
6 certainly a good thing where the market will support it. However, a competitive market
7 depends on a profitable market. No company can or should be required to provide
8 service to a customer or a location at a loss. There are critical services and infrastructure
9 that it is in the public interest to ensure are available to all, regardless of profitability.
10 This is where society, through their elected representatives, steps in. Our nation has
11 always placed a premium on ensuring its citizens are indeed united by being able to
12 communicate with one another. These concepts are directly translated into the nation's
13 and this State's commitment to universally available telecommunications service. The
14 1996 Federal Telecom Act and its companion state legislation here in South Carolina
15 were clear efforts to balance the benefits of competition with the need to maintain a
16 universally available communications network. These pieces of legislation opened the
17 local markets to competition for the first time, while simultaneously providing for
18 explicit funding mechanisms at the federal and state levels to ensure service was provided
19 in all areas, even in those areas competitive markets would not serve. In the case of the
20 high cost customers we serve, the impact of competition would be the loss or degradation
21 of service. Universal service is designed to work hand in hand with competition.
22 However, to do so, it requires that all benefitting from the universally available network
23 assist with support.

1 **Q.** **Does this complete your testimony?**

2 **A.** Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2015-290-C

Re: Petition of the South Carolina)
Telephone Coalition For a)
Determination That Wireless)
Carriers are Providing Radio-Based)
Local Exchange Services in South)
Carolina that Compete with Local)
Telecommunications Service)
Provided in the State)
_____)

CERTIFICATE OF SERVICE

I, Dennie Fyfe, do hereby certify that I have this date served one (1) copy of the Rebuttal Testimony of Larry Thompson, Emmanuel Staurulakis, Douglas Duncan Meredith and H. Keith Oliver upon the following parties of record via e-mail to:

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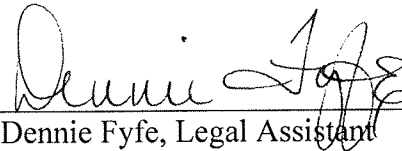
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A handwritten signature in black ink, appearing to read "Dennie Fyfe", is written over a horizontal line.

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October 20, 2015

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